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SUBJECT: SAME BED, DIFFERENT DREAMS: AMBASSADOR'S MEETINGS
WITH PRESIDENT BASESCU AND PSD HEAD GEOANA

Classified By: AMBASSADOR NICHOLAS F. TAUBMAN FOR REASONS 1.4 (B) (D)

11. (C) Summary: President Basescu told the Ambassador that in the aftermath of the failed attempt to remove him as President, he could no longer work with Prime Minister Tariceanu. He was now working on two fronts to replace the Tariceanu government--either through a bid to re-create a coalition with the PNL sans Tariceanu, or to invite the PSD to form a new government. He insisted, however, that he would not accept PSD head Geoana as a new Prime Minister. Basescu told Ambassador that a recently-floated Pentagon proposal to increase Romanian troop levels in Iraq was a non-starter, at least as long as the current Liberal government was in place. The President added that he was aware that the Tariceanu government favored a "European" fighter plane option over the possible acquisition of F-16s (and eventually the JSF), but insisted he would keep the F-16/JSF option on track. He said that a letter from the USG demonstrating political support for the JSF scenario was important. PSD leader Geoana at a separate meeting reported that he and Basescu had indeed agreed that the PSD should head the next government, and evinced the hope that Basescu would name him as the next Prime Minister. End Summary.

12. (C) Ambassador met with a tanned, relaxed and confident Basescu on June 5 at Cotroceni Palace, at the President's invitation. This was their first meeting since Basescu was returned to power in the May 19 Referendum. The meeting was also attended by presidential foreign policy advisor Anca Ilinoiu and DCM. Basescu opened the meeting by remarking that Romania still lacked a solid, well-grounded government and that the continuing political turbulence would begin to have negative effects on the economy. He complained that PM Tariceanu's minority government "cannot operate as it is now constituted." It was clear to him, he said, that he could no longer work with Tariceanu since the PM had openly supported the suspension effort and called for voters to unseat the President in the ensuing referendum. Perhaps, he added wryly, it was not as obvious to Dinu Patriciu, the president of Rompetrol and one of the PM's principal backers. Basescu reported that he had just sent a letter to the leaders of the Liberal (PNL), Democrat (PD), and Liberal Democratic (PLD) parties, calling on them to forge a new government with a "clear majority," but without PM Tariceanu and several other leading Liberal politicians, whom Basescu characterized as particularly close to Patriciu. Basescu stressed, however, that he did not expect this move to be successful; it was very unlikely that the former Alliance partners would be able to form a new government without the PM.

13. (C) On the assumption that the first scenario -- a de facto recreation of the 2004 electoral coalition that brought Basescu to power -- was not possible, Basescu said he would "not oppose" the formation of a Social Democrat (PSD) led government instead. He confirmed that he had met on June 4

with PSD president Mircea Geoana, and members of the so-called "Cluj Group" within the PSD, former Interior Minister Ioan Rus and political strategist Vasile Dincu. Basescu regretted that only the PD was willing to undertake early elections, the one genuine solution to Romania's political impasse. Since early elections were not likely to take place, he was willing to try to negotiate an understanding with the PSD; in fact, he would have wide-ranging political consultations in the days ahead to pursue first the option of bringing the Liberals and Democrats back together -- but only without Tariceanu -- and failing that, giving the Social Democrats a chance to govern.

14. (C) Basescu said he would insist that Geoana take real steps to clean up the PSD. There would be no cooperation, he stressed, if Geoana kept relying, for instance, on long-time PSD political strategist and parliamentary deputy Viorel Hrebenciuc, widely-credited with being the mastermind behind Basescu's suspension. The old guard, including former President Iliescu himself, would have to be moved aside. Geoana, he asserted, had mistakenly thought Iliescu would draw voters to the anti-Basescu cause during the suspension period, but had found out that the former President no longer commanded a large following. If the PSD did not reform itself by the time Basescu won reelection in 2008, the PSD would be out of power again for another four years.

15. (C) Basescu stressed that he would not accept Geoana as a new Prime Minister between now and parliamentary elections in late 2008 or early 2009. Geoana, Basescu claimed, had not raised the question of who would be the next PM during their June 4 meeting. Unfortunately, he commented, Geoana remained "heavily controlled" by energy and media magnate Sorin Ovidiu Vantu; the President added that he had unspecified evidence

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of a continuing close relationship between the two. In response to the Ambassador's question, Basescu said he expected the PD to continue to press forward with its motion of no confidence, even if the PSD were to introduce one of its own next week as well. For his part, Basescu said, he planned to speak out publicly next week about why the Tariceanu government needed to go.

16. (C) Basescu commented on the recently-floated Pentagon proposal to increase Romania's troop levels by 400 troops in Iraq, perhaps under a UN mandate. He confirmed that the idea was a non-starter, at least as long as the current Liberal government was in place. If political circumstances were to change -- "if we succeed in having the government we need," he said -- then he was willing to explore the idea of additional troops for Baghdad's middle ring. Any approach would have to be at the request of the UN, he emphasized, and could not have the effect of diminishing in any way Romania's already substantial contributions in Afghanistan.

17. (C) In response to the Ambassador's question about the status of Basescu's thinking about Romania's replacement fighter, the Romanian President immediately said that he was aware of thinking within the current Tariceanu government that favored a European fighter plane in lieu of the F-16/JSF scenario that Basescu and former Minister of Defense Frunzaverde had vigorously advocated. Basescu said he knew what "the Europeans" and the current Romanian government were trying to do, but that as long as he was President, a European fighter choice would not happen. He said that he had asked the Romanian ChOD to see him on June 6 for an update on the question, and would order him to get the F-16/F-35 approach back on track. Basescu stated clearly that his intention remained to arrange for leased F-16s, followed by an upgrade to the JSF. At the same time, he still needed a letter from the U.S. side demonstrating U.S. political support for that option; it would be important, he said, when he brought the matter to the Supreme National Defense Council for consideration. He would not proceed, he

emphasized, as had former PM Nastase, trading an order of "3 Boeings for 2 Airbuses" to please a visiting French official.

Defense policy, he stressed, would be based on "real priorities," including Romania's ability to deploy side by side U.S. forces in places like Afghanistan.

18. (C) At the request of PSD head Mircea Geoana, Ambassador also met separately on June 5 with the PSD leader, who provided his take on a meeting the previous day with President Basescu. Geoana claimed that the two had agreed that the PSD should head the next government. Geoana said that his party would meet to decide its formal position this coming Friday, but that it was a "done deal" that the PSD would bring the current PNL government down. Geoana added that his party (which had 32 percent of the seats in parliament) would seek the support of small parties like the UDMR, but would specifically exclude Vadim Tudor's PRM.

19. (C) Geoana added that he believes he will be the next Prime Minister, and evinced the hope that he will have a public understanding with President Basescu in forging a joint national program "for six years, not just two." However, Geoana also expressed concerns of a "double-cross" on the part of Basescu, who might encourage the PSD to bring down the Tariceanu government, then fail to abide by an agreement to support a PSD-led government. Geoana added that he hoped there would be "feedback and encouragement" to Basescu from Washington to encourage the President. In closing, Geoana added that NATO Summit was an overriding concern, insisting that a PSD-led government would not let America down in Iraq and Afghanistan.

110. (C) Comment: Geoana's claims to the contrary, we believe that this is not quite yet a "done deal." Basescu and Geoana are now flirting with the possibility of a rapprochement which in effect would turn the clock back to 2004, when Basescu won the Presidency and the PSD took a plurality of Parliamentary seats. Both sides also have alternative fall-back strategies; in Basescu's case, he is simultaneously putting pressure on the PNL to dump Tariceanu and to re-create the DA alliance. Geoana for his part will try to maximize his position vis-a-vis Tarceanu's PNL over the price of his continued support for a PNL-led government. The obstacles to any PD-PSD cohabitation are formidable, not least of these being the disconnect between Geoana and Basescu over who would be the next Prime Minister. From this perspective, Geoana's request for Washington to weigh in directly with Basescu appears to be a transparent attempt at securing leverage, and we should treat it skeptically. Moreover, the heavy presence of the local media outside Geoana's office after the Ambassador's meeting with the PSD leader -- and the

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ensuing headlines that reported the Ambassador had brought with him a tough message from Washington -- suggest that Geoana may be using an "the Americans-made-me-do-it play" in explaining his betrayal of Tariceanu. Finally, we note that many names are now being floated by Basescu and others as possible successors to Tariceanu. These include not only Geoana but PSD leader Ioan Rus, domestic intelligence head George Maior, Former Interior Minister Vasile Blaga, former Agriculture Minister Gheorge Flutur, and even former Justice Minister Monica Macovei. All are favorably disposed towards the United States, and we should not be drawn into any attempt to have us appear to be anointing a winner. End Comment.

TAUBMAN